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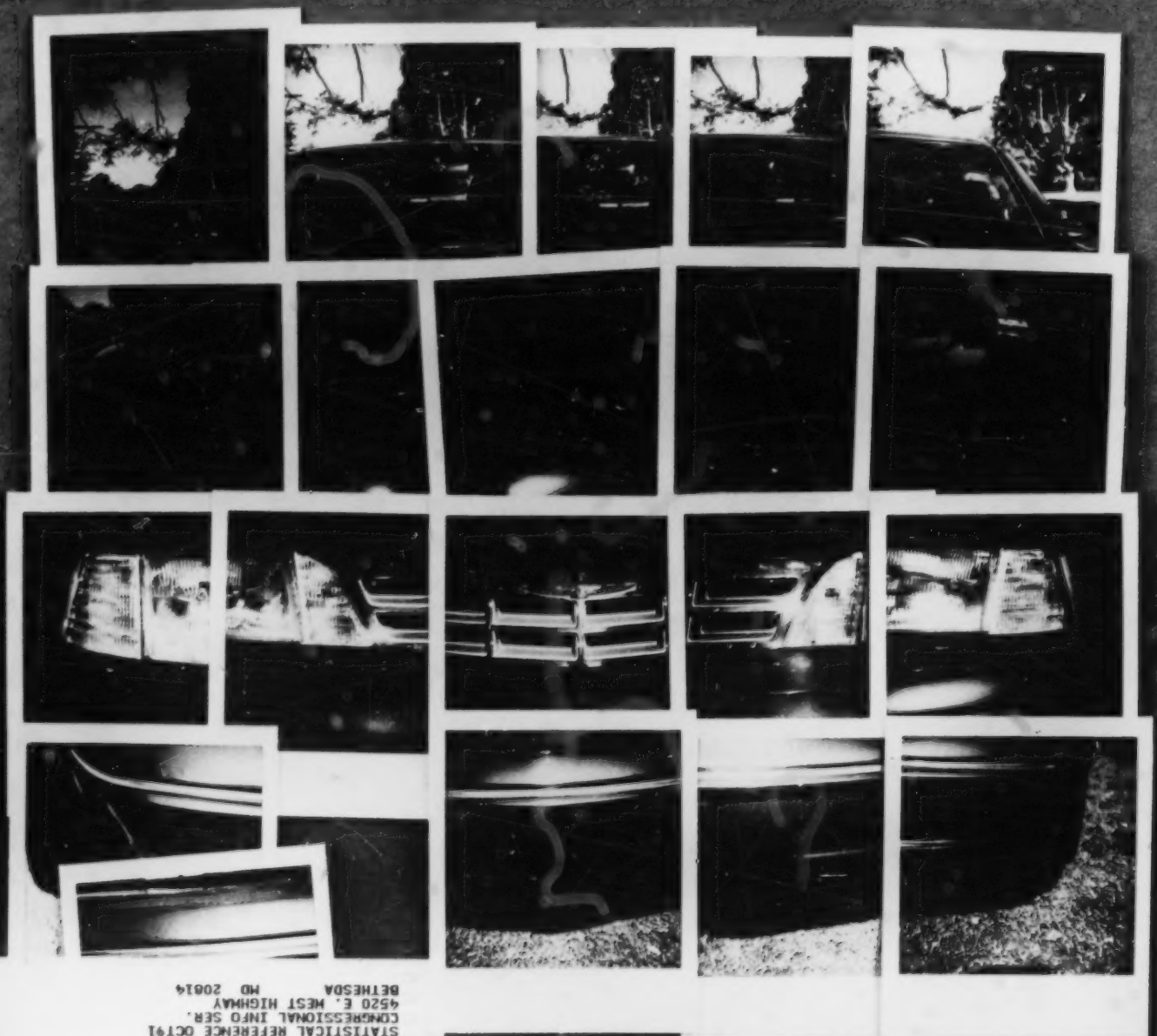

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PRODUCT AFTERMARKET RETAIL TRADE STUDY

PLUS MOTOR OIL AND RECYCLING

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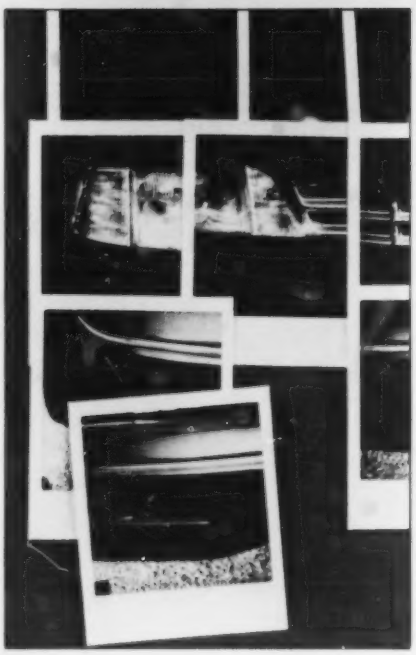
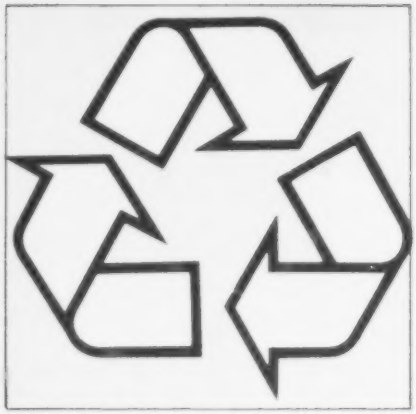
AUTOMOTIVE MARKETING

November Issue/Volume 19, Number 11





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MARKET LINE

COMMODITIES

The Mideast Crisis Hits Home, Antifreeze Prices Up Again

Antifreeze/coolant prices are up again; although no one expects a repeat of the shortage of two years ago. The price of antifreeze/coolant has moved up, according to industry experts, due to the drama in the Mideast, speculation by international oil traders, and feverish demand by nervous wholesale customers.

Retail prices, which were at about $3 a gallon in August, will probably be in the $6-$7 range by the end of November as supplier price increases take affect. And all of this occurred during a selling season where most suppliers anticipated a good year with low prices and high sales. "It's crazy," was the way Rick Bowen, vice president of marketing for automotive products, First Brands (Prestone), Danbury, CT, described the situation. "It's a very complicated story."

A Complicated Story

Here is the story, as simply as we can tell it, with the aid of Bowen, Mike Barcum, senior vice president at Old World Automotive Products (Peak Antifreeze), Des Plaines, IL; Niall McStay, brand manager for Zerex, BASF, Parsippany, NJ; and Mike Milenz, manager for national accounts marketing at Texaco Lubricants, Houston.

In the the 1988-1989 selling season, antifreeze/coolant prices went sky-high as a result of ethylene glycol shortages (about half of all antifreeze/coolant is sold from October to December). The price of ethylene glycol, usually around 20-cents a pound rose to 40-cents, and more, for a time. Producing a gallon of antifreeze/coolant requires about nine pounds of glycol. The basic raw material cost of a gallon of antifreeze/coolant (glycol is roughly 93-95% of antifreeze/coolant) thus rose to more than $4.

Trade sales traditionally are highest in July and August when retailers stock up for fall. Some panic buying occurred in 1988, however, as retailers tried to beat increases and predicted shortages. The result was increases in inventories on retail floors.

However, while retailers increased their buying, consumers did not. As Milenz noted, "I don't think anybody realized just how much consumer resistance there'd be to $9-$10 antifreeze."

ANTIFREEZE SALES 1989: PROFILE OF A BAD YEAR

1989 was a terrible year for antifreeze/coolant supplier sales. Only 161 million gallons were sold. Although sales have dipped slightly in the 1980s with the downsizing of radiators, sales usually run about 200-210 million gallons.

Types Of Sale	Millions Of Gallons
Packaged in quarts & gallons	90,892,867
Packaged in drums	6,177,536
Bulk sales to packagers	44,889,753
Bulk sales to automakers	18,385,632
Sales to government agencies	252,300
Total sales	**160,598,088**

Source: Chemical Specialty Manufacturers Association

Price rises in 1988 meant a lot to antifreeze/coolant suppliers. According to a First Brands prospectus, antifreeze/coolant sales for the year ending June 30, 1988 were $254.6 million. The next year, ending June 30, 1989, with only a 1% volume increase, dollar sales rose to $415.9 million.

The 1989 Market Was Off

The impact on the market in 1989 was dramatic. Retailers were shy of stocking up, many had carry-over inventory. While supplier sales in 1988 finished at about 216 million gallons (a normal year), 1989 was one of the worst years in memory. Sales by suppliers as measured by the Chemical Specialties Manufacturers Association, Washington, in 1989 were only 161 million gallons. Bowen noted that it was the lowest total gallonage since the first oil embargo in 1974.

But as the rules of supply and demand took hold in the market, slow sales in 1989 led to lower prices. By the spring of 1990, the price of ethylene glycol had returned to about 20-cents a pound, retail inventories were low, and the pipelines were empty. The glycol market had gone from soft to balanced and suppliers expected a good year. "History says the market rebounded in 1975," Bowen said, "and we had good hopes for this year."

Then on August 2, Saddam Hussein sent his tanks across the Kuwaiti border. "The market did a 180-degree turn overnight," Milenz said. "Suddenly, a long inventory position was very desirable and everybody set out to fill the pipeline. There was not enough lead time to fill any orders. We all got caught short. We never imagined this could happen."

A World Market

The situation was complicated by the European market. Prices rose quickly in Europe because the majority of European glycol producers work from naptha, which is refined from crude oil stocks, while most American refiners produce glycol from natural gas. A little more than 10% of the world's glycol is produced in Saudi Arabia and sold in Europe and the Far East and these supplies were in doubt. Thus, some American glycol producers considered shipping product to Europe at a better price than could be obtained in the U.S. "Higher European prices meant that a balanced glycol market became a tighter market for American suppliers." Bowen stressed that glycol sales are a world market, not just an American market.

As we went to press, the situation was hectic. The rush to fill orders before prices rose left refiners in what Barcum called "a virtually barge to bottle situation at our plants." McStay noted that orders are usually a three to four week turnaround and that refiners were still filling August orders in late September.

(Circle 6) ➔

Bowen said First Brands had "literally more orders than we can ship at this time." Milenz said that one refinery that produces glycol for all four major suppliers received a call from a retailer asking which supplier would be shipped first. He'd placed orders with all four suppliers and planned to cancel two.

And what about retail sales? Suppliers believe that by late fall, antifreeze/coolant/ will be in the $6-$7 range. However, rebates will offset the price raise somewhat for the consumer. "The average consumer ad price will be closer to $5.49 with a 1.50 rebate," Bowen said. "Unfortunately, the rebates are on the package. There's not much we can do about it."

Dominance Challenged

Whether or not prices go up, competitors will continue their assault on Prestone's dominance. To date, typical retail strategy places Prestone at a premium and a second brand or private label at about a dollar lower price.

"Prestone's put there for a purpose," Zerex's McStay said. "Retailers have to have the number one call brand. Prestone's distribution is probably something like 98%. Everybody sells it. Why? For the retailer, it says we're in the antifreeze business. Most people are aware of Prestone, they've tried it, or heard about it. So the retailer perceives that he's not in the business or portraying the right image unless he carries the number one brand. They fear that without the number one brand in every category they'll lose some customers."

This might seem discouraging for the other brands; however, they claim that retailers don't make money selling Prestone. "It's too competitive," Peak's Barcum said. "Margins are beaten into the ground or a retailer can get embarrassed in the ads. A retailer knows everyone is going to advertise Prestone. So he has to guess what the lowest price will be and set his prices accordingly. Today, retailers want to make money off ads. It's not enough to just get traffic from an ad. So they take a second brand, like Peak, and promote it, but not at a deep discount."

While other brands have made some progress against Prestone, they've made much greater strides against private labels. "Our competitors met private label prices to get on the shelves," Bowen said. "When that happened, private labels suffered." Bowen said First Brands had six or seven private label customers. "And they don't sell to the volume expected."

Barcum noted that at one time, Old World had more than 100 private labels. "Now, it's less than a dozen." McStay said "Private labels had been going away for five years. Stores only use it when there's an overriding benefit."

A SAFE Antifreeze/Coolant

While price is no longer a benefit for private label antifreeze/coolant, Chief Auto Parts, Dallas, has a added a private label antifreeze/coolant made from *propylene* glycol as part of its SAFE (Specially Adapted For The Environment) program. The antifreeze/coolant is made from propylene glycol manufactured by Arco Chemical, Newtown Square, PA, and blended by Omni Industries, Baton Rouge, LA. Chief president Mike Manor has emphasized that promoting a safe environment is a top priority at Chief.

The environmental feature is that while both propylene glycol and ethylene glycol are biodegradeable, propylene glycol is not toxic. Propylene ethylene is also used in food, drugs, and cosmetics. Its main automotive use until now is in the water systems of recreational vehicles.

Pat Zastoupil, product manager for oil, chemicals, and antifreeze/coolant for the SAFE program, said sales were promising. "We get lots of questions about it. We get lots of awareness about dumping." The SAFE antifreeze/coolant sells at $9.99 and Zastoupil projects it will account for 10-15% of Chief's antifreeze/coolant business this year.

Will propylene glycol based antifreeze/coolant catch on? Randy Snakenberg, Arco manager for new business development, propylene glycol, said Arco is already speaking with several other retailers. At the same time, Arco is opening discussions with OEMs to make propylene glycol based antifreeze/coolant acceptable for use in new vehicles. ■

Al's Kuwaiti Owners To Sell Business

The Kuwaiti owned Al Automotive, Nashville, TN, which declared Chapter 11 Bankruptcy on April 30, will be sold to a new investment group, according to CEO Stuart Baxter. Baxter told *Automotive Marketing* that he was in the final stages of negotiations with creditors and the investors, and that the sale should be complete by November.

A reorganization plan for leaving bankruptcy will then be put into place. "Al Automotive should be out of bankruptcy by the end of the year, or January at the latest," Baxter said.

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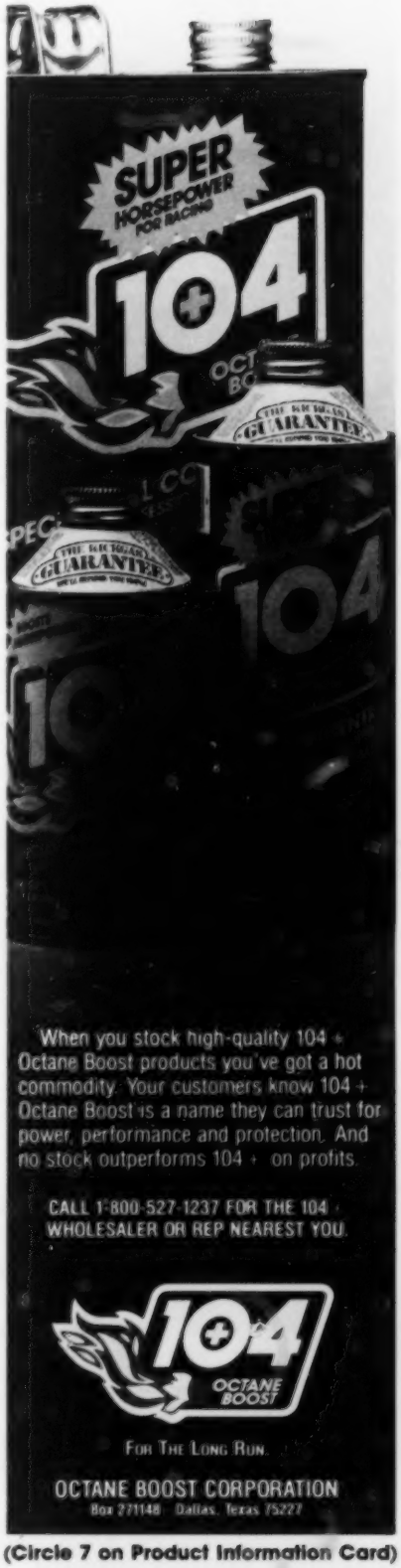

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PRODUCT AFTERMARKET RETAIL TRADE STUDY

PRODUCTS BY SKUs

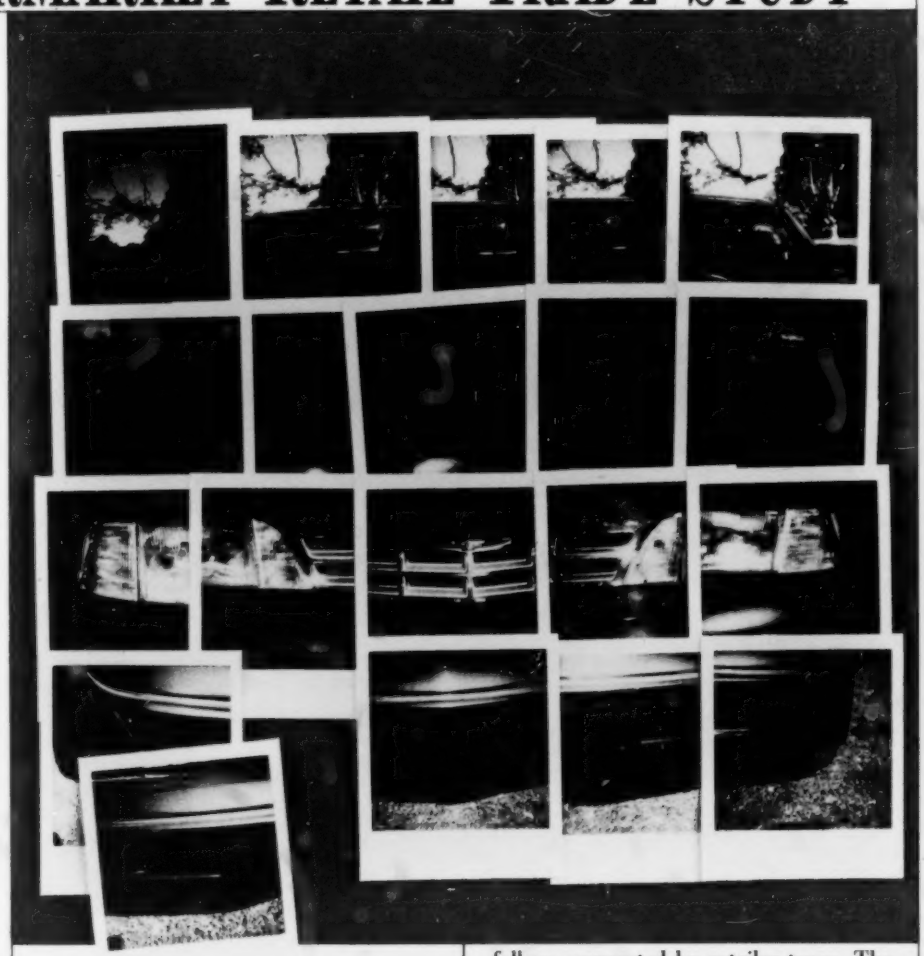
The SKU (Stock Keeping Unit) is the basic, individual product as differentiated by size, purpose, make, package, or other product difference. The basic products are listed by the mean amount of SKUs stocked by all automotive product-stocking retail outlets.

Auxiliary Lights	161
Headlamps	145
Body Repair	75
Batteries	52
Wax & Polish	41
Hand Cleaners	22
Protectants	17
Battery Chargers	14

PRODUCTS BY TURNS

Turns are the number of times this individual product is sold annually. The following products are listed by the mean turns for all automotive product-stocking retail outlets.

Car Batteries	9
Wax & Polish	7
Hand Cleaner	7
Headlights	7
Protectants	7
Auxiliary Lights	5
Body Repair	5
Battery Chargers	4



For the second year, *Automotive Marketing* presents product sales standards to check your chain's performance against.

by **Phil Katcher, Business Editor**

Judging from the statistics on turns and gross margins of the product lines studied in our annual *Products Aftermarket Retail Trade Study (PARTS)*, the aftermarket remains steady. There is little real change in these key areas from last year to this one.

As before, the study's aim is to provide specific information about key product categories so that different types of retailers can gauge their performances against their peers. With that in mind, this year we present the product information that follows segregated by retailer types. The types we feature are automotive chain stores, jobber/retailers, non-automotive retailers ranging from drug stores to department stores, and chains that offer professional service.

The study itself was conducted by Chilton Research Services (CRS), Radnor, PA, a major market research organization. We gave CRS some 4,000 names and addresses of top retailers in all fields that handled automotive products.

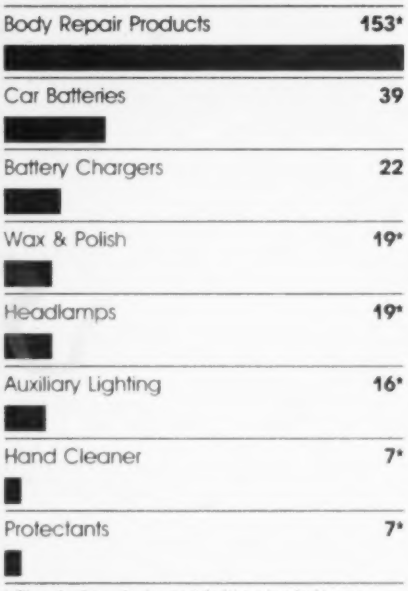
CRS sent a notice to each potential replier to let them know a questionnaire would be on its way to them in the near future. Then CRS sent each retailer a questionnaire, followed by a post card reminder to return the completed questionnaire.

In all, after duplicate questionnaires from the same firm and others of doubtful accuracy were weeded out, CRS had answers from 612 automotive parts retailers' headquarters.

PRODUCT AFTERMARKET RETAIL TRADE STUDY

PRODUCTS BY FOOTAGE

Individual products are listed by either mean square footage of display space for products typically displayed in bulk or by mean linear footage of shelving devoted to the products for products usually displayed on pegboards or by similar means.



* Given by linear footage of shelving devoted in an average store

Who Responded

We were pleased to see that 53% of the individuals who responded had titles of "owner" or "president." Another 27% were managers, while others were vice presidents, buyers, general managers, comptrollers, or secretaries. In other words, those who responded were those with the factual information on hand.

In all, 67% of all respondent companies were jobber/retailers, while 19% were automotive chain stores – a good reflection of the balance of those types of stores in the market. There were also small numbers of WDs, import specialists, specialty stores, and general repair and body shops, as well as discount chains, supermarkets, and hardware and drug stores.

In all, 8% of these chains had 51 or more stores, a figure that accurately reflects the aftermarket world as described in our annual "Top 100" list. Another 4% had between 16 and 50 stores, while 16% had between 3 and 15 stores.

In terms of sales, 8% sell $10 million or more worth of automotive products annually. These were big chains. In all, 36% of those who sold more than $10 million worth of auto parts, chemicals, and accessories, said that less than 10% of their total sales were in these products. In other words, they're selling lots of merchandise that is non-automotive.

Another 40% of the total 612 respondents sell between $5 and $10 million worth of automotive products annually. The rest sell under $5 million.

In all, 42% of all 612 chains report that they were volume retailers, that is, that 60% or more of their sales were retail rather than wholesale. And, 26% said they had one or more service bays in their average stores. Of those with service bays, 56% described themselves as independent auto parts stores. Only 18% were automotive parts store chains.

Other Results

Along with the specific product information came some general store demographic information. We asked the respondents what type of retailer they were. Then we asked what percentage of their total sales were retail as opposed to wholesale sales. Companies that described themselves as automotive chain stores said their average retail sales made up 58% of their total sales. Independent auto parts stores, however, sold 48% retail; they are what are called "jobber/retailers." Chains with service bays reported 66% of their auto parts sales as being retail. And, the mean retail sales of those who said they sold more than 60% retail were 81%.

The mean amount of square footage devoted to automotive products in the average automotive chain store is 4,144. This compares to 4,824 in the average jobber/retailer store. Chains with service bays average 4,868 square feet devoted to automotive products. On the other hand, the average supermarket, drug store, or hardware store only sets aside 340 square feet for automotive products.

The mean number of employees in the typical automotive chain store is 6.3. The average jobber/retailer gets by with 5.3. Chains with service bays use, on the average, 5.8 employees in their automotive parts departments. But, non-automotive retailers use only 4.5 employees in their automotive parts departments.

PRODUCTS BY GROSS MARGIN PERCENTAGE

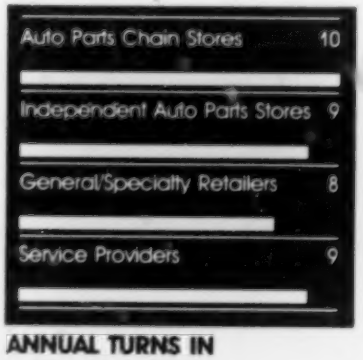
Gross margin percentage isthe total amount above cost the retailer charges. The following products are listed by the mean gross margin percentage indicated by all automotive product-stocking retail outlets.

When we asked chains with service how many bays their average stores had, 24% said one bay, 22% said two bays, 15% said three bays, 11% said four bays. Another 10% said their typical store had five bays, while 18% said six or more bays. The latter figure, 18%, also happens to be the same percentage of automotive chain stores that offer professional service through service bays.

What Are Average Stores?

So, the picture of the average automotive chain store is one without service bays, with just over 4,000 square feet of selling space, with six employees, that sells just about 60% of its merchandise retail. The average jobber/retailer, however, does just under 50% of his sales in retail sales, has five employees, and is almost 5,000 square feet. Stores with service bays are apt to be independent auto parts stores, some 5,000 square feet, with six employees, and three or fewer bays. Which types of stores are in your chain?■

SKUs STOCKED IN AVERAGE STORES



ANNUAL TURNS IN AVERAGE STORES

LINEAR SHELVING FEET DEVOTED TO HAND CLEANER

OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

PARTS

HAND CLEANER

In all, 93% of retailers to whom we spoke stock some types of hand cleaners. Among chains with 60% or more in retail sales, virtually every one – 99.6% – stock hand cleaners. Of all retailers, 61% stock ten or fewer hand cleaner SKUs. About half of them say that their hand cleaners turn between three and eight times annually. Another 12% say their hand cleaning products turn ten times annually. Half use four or fewer linear shelf feet to display hand cleaners. However, 13% use between ten and 12 linear shelf feet for these products. In all, 56% say their overall average gross margins on hand cleaners range between 31% and 40%. But, 12% have average overall gross margins of between 41% and 50% on hand cleaners.

Automotive Parts Chain Stores

In terms of percentages, more automotive parts chains stock hand cleaners than any other type of auto parts retailer, at 98%. Just under half, 46%, stock between five and ten hand cleaner SKUs. Another 12% have between 20 and 40 hand cleaner SKUs in their inventories. Just over half say they do between three and six annual turns of hand cleaners in their average stores. Almost a tenth, however, say their hand cleaners turn 21 or more times annually. Some 56% devote between two and four linear feet of shelving to hand cleaners; another 13% use between ten and 12 linear feet for hand cleaner displays.

Independent Auto Parts Stores

In all, 96% of independent auto parts stores stock hand cleaning products. About half of them stock seven or fewer hand cleaner SKUs. Half also say their hand cleaners turn between two and six times annually. However, 13% say they get ten turns of hand cleaning products annually. And, 9% say they get 20 or more turns annually. Just over half, 54%, use five or fewer linear shelf feet to display hand cleaners. And, 61% say their overall average gross margins on hand cleaners range between 31% and 40%.

Non-Automotive Retailers

Around as many non-automotive retailers as independent auto parts stores stock hand cleaners at 95%. Most of them stock between two and six hand cleaner SKUs. Most of them say their hand cleaning products turn four or fewer times annually. And, most of them devote between two and four linear shelf feet to their hand cleaner displays.

Chains With Service Bays

Chains that offer professional service need a lot of hand cleaners themselves, but they don't offer these products to their customers as much as other types of retailers do. In all, 84% of service providers sell hand cleaners. There is a considerable range among service providers in terms of how many hand cleaner SKUs they offer, with about half selling eight or fewer of these product SKUs. About half, too, report their hand cleaners turn between two and six times annually. Finally, 55% use between two and four linear feet of shelving to display hand cleaners. ■

BODY REPAIR

Body repair products take in a wide range of items from sandpaper to kits designed to replace rusted-out sheet metal. On average, 80% of all retailers who sell some automotive products also sell body repair products. Among retailers who make 60% or more of their sales across the counter, 78% stock body repair products.

Just over a quarter of all retailers stock ten or fewer body repair SKUs. But another quarter stock between 20 and 50 body repair SKUs. And, almost 10% stock between 91 and 200 body repair SKUs.

Some 57% say they turn their body repair products between two and four times annually. Almost half, 45%, display their body repair products on ten or fewer linear feet of shelving. And, 31% say their average gross margins on body repair products are between 31-25%, while another 20% have margins between 36-40%. Another 20% have margins between 26-30%.

Automotive Parts Chain Stores

In all, 93% of auto parts chains stock body repair products. A third stock between 20 and 40 body repair SKUs. In terms of annual turns, 29% do three turns; 19% do four turns; 13% do two turns; and 10% do six turns. In all, 42% devote 20 linear feet of shelving or more to body repair products. And, finally, 30% have overall average gross margins on body repair products of 31-35%; 23% have margins of 36-40%; 16% have margins of 26-30%; and 9% have margins of 41-45%.

Independent Auto Parts Stores

Of independent auto parts stores, 82% report that they stock body repair products. Of them, 43% stock 20 or more body repair SKUs. Almost a quarter report they do three annual turns of body repair products, while another 18% do two annual turns and 17% do four annual turns. Some 14% devote between 20 and 30 linear feet of shelving to their body repair products, while 15% use three or four linear feet. Around a third say they have average gross margins of 31-35% on body repair products, while 21% make between 26-30% and 19% make between 36-40%.

Non-Automotive Retailers

Body repair products are largely bought by fairly serious DIYers. Hence it's no surprise that 62% of non-automotive retailers stock body repair products. On average, too, they stock only eight body repair SKUs. Around half of them do between three and six turns of body repair products. And, the large majority of them devote ten or fewer linear feet of shelving to body repair products.

Chains With Service Bays

Almost three quarters, 71%, of chains with service bays offer body repair products for sale. Most of them stock 20 or more body repair SKUs. Over half, 54%, say their body repair products turn between two and three times annually. And, finally, over half, 54%, display body repair products on ten or fewer linear feet of shelving. ■

SKUs STOCKED IN AVERAGE STORES

Auto Parts Chain Stores	94
Independent Auto Parts Stores	76
General/Specialty Retailers	8
Service Providers	59

ANNUAL TURNS IN AVERAGE STORES

Auto Parts Chain Stores	5
Independent Auto Parts Stores	5
General/Specialty Retailers	5
Service Providers	5

LINEAR SHELVING FEET DEVOTED TO BODY REPAIR PRODUCTS

Auto Parts Chain Stores	35
Independent Parts Stores	197
General/Specialty Retailers	7
Service Providers	27

OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Auto Parts Chain Stores	37
Independent Auto Parts Stores	34
General/Specialty Retailers	35
Service Providers	35

Source: *Automotive Marketing's 1990 PARTS*

BATTERIES

Virtually every retailer who stocks automotive products also sells batteries, at 95% of all retailers to whom we spoke. And, 95% of volume retailers, with 60% or more over-the-counter sales, stock batteries. The mean SKUs (Stock Keeping Units) for all stores were 52; mean turns were seven; amount of square feet devoted to batteries in the average store was 39; and overall average gross margin in the average store was 29%.

Automotive Parts Chain Stores

In all, 99% of automotive parts chain stores stock batteries. The mean number of battery SKUs stocked by automotive parts chain stores is 57. However, the largest concentration of respondents, 41%, stocked between 21 and 50 battery SKUs. In the same way, 54% of all auto parts chains reported their turns were between two and six, although the mean number of turns were higher. The largest single block of auto parts chains, 36%, also said that they devote between 21 and 50 square feet of display space for batteries. Just over half of all auto parts report average gross margins of between 26% and 35% on batteries.

Independent Auto Parts Stores

Some 97% of independent auto parts stores told us that they stocked batteries. In all, 44% of independent auto parts stores reported that they stock between 21 and 50 SKUs of batteries. Over half—55%—also said that their annual turns of batteries range between two and five. Another 11% do six annual turns on average. The average amount of square footage devoted to batteries ranged from two to 500. In all, 17% said they devoted between ten and 12 square feet to batteries. Some 30% said their average gross margins on batteries were between 26% and 30%. Another 21% said their margins were between 21% and 25%, while 18% had margins of 31% to 25%.

Non-Automotive Retailers

Some 71% of non-automotive retailers such as discount stores and drug stores report that they stock batteries. In terms of SKUs, however, they stock fewer than any other type of store that sells automotive products. They also report fewer turns and devote considerably fewer square feet to their display. However, their overall average gross margins on batteries are comparable to those reported by other types of retailers.

Chains With Service Bays

A total of 92% of retailers who have service bays sell batteries. Around 34% of these service providers stock between 21 and 50 battery SKUs. Six or fewer turns were reported by 60% of service providers, with almost 20% saying batteries turned four times annually for them. In all, 12% devote ten square feet to displaying batteries; another 12% use between 21 and 30 square feet; 8% use 12 square feet; and 8% use between 31 and 40 square feet. In terms of overall annual gross margins, 62% make between 21% and 35%. ■

SKUs STOCKED IN AVERAGE STORES

Auto Parts Chain Stores	57
Independent Auto Parts Stores	55
General/Specialty Retailers	14
Service Providers	43

ANNUAL TURNS IN AVERAGE STORES

Auto Parts Chain Stores	6
Independent Auto Parts Stores	7
General/Specialty Retailers	7
Service Providers	10

SQUARE FEET DEVOTED TO BATTERIES

Auto Parts Chain Stores	35
Independent Auto Parts Stores	37
General/Specialty Retailers	16
Service Providers	48

OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Auto Parts Chain Stores	30
Independent Auto Parts Stores	29
General/Specialty Retailers	31
Service Providers	30

Source: *Automotive Marketing's 1990 PARTS*

CAR WAX

Auto Parts Chain Stores	62
Independent Auto Parts Stores	38
General/Specialty Retailers	24
Service Providers	54

SKUs STOCKED IN AVERAGE STORES

Auto Parts Chain Stores	9
Independent Auto Parts Stores	7
General/Specialty Retailers	7
Service Providers	8

ANNUAL TURNS IN AVERAGE STORES

Auto Parts Chain Stores	27
Independent Auto Parts Stores	17
General/Specialty Retailers	18
Service Providers	18

LINEAR SHELVING FEET DEVOTED TO WAX & POLISH

Auto Parts Chain Stores	36
Independent Auto Parts Stores	35
General/Specialty Retailers	31
Service Providers	36

OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

Wax and polish are among the most commonly seen automotive products around. Of the retailers to whom we spoke, 93% stock at least some wax and polish products. The average SKUs of wax and polish products stocked by all retailers was 41, with seven average turns in their stores. On average, too, retailers devote 19 linear feet of shelving to these products. Finally, the average gross margin, overall, for all retailers for wax and polish products is 35%.

Automotive Parts Chain Stores

Virtually all, 99%, automotive parts chain stores stock wax and polish products. In all, 55% stock between 20 and 50 wax and polish SKUs, although one chain reported that it stocked over 500 SKUs of these hot selling products. However, just over half report that they do four or fewer turns in wax and polish products annually. A quarter of these types of chains devote between ten and 12 linear feet of shelving to wax and polish, while another 10% use between 20 and 30 linear feet of shelving. In terms of overall annual gross margins on wax and polish products, 54% say they make between 30% and 40%.

Independent Auto Parts Stores

Almost as many independent auto parts stores, at 94%, stock wax and polish items as do auto parts chain stores. The number of wax and polish SKUs they stock vary tremendously from store to store, however. About a quarter of them say they stock anywhere from 20 to 50 wax and polish SKUs. But, almost 10% stock over 100 wax and polish SKUs. Over half, 55%, say they do between two and four turns in wax and polish products annually. In all, 20% devote between 20 and 30 linear feet of shelving to these products; about the same number have between ten and 12 linear feet of wax and polish products. Just over half report that their overall gross margins are between 30% and 40%.

Non-Automotive Retailers

Wax and polish are non-technical products with wide shopper appeal. Therefore, it's no surprise that 95% of non-automotive retailers stock these popular products. And, well over half of them stock between 20 and 50 wax and polish SKUs. These types of stores report good turns on wax and polish products, too, with over half of them saying their turns are between three and six. In fact, one discounter told us that they do 20 turns of wax and products annually in his stores. On average, non-automotive retailers devote 18 linear feet to their wax and polish displays. And, over half say their overall average gross margins range between 26% and 40%.

Chains With Service Bays

Professional service operations tend to stress appearance products such as wax and polish less than retailers. Still, 85% of these types of retailers do stock wax and polish products. On average, they stock 54 wax and polish SKUs. Just over half say they do three or fewer turns in wax and polish products annually. Another 41% say they do between four and six turns annually. In all, around 35% give six or fewer linear feet of shelving over to wax and polish, while another quarter devote between eight and 12 linear feet to these products. About a half, too, say their overall average gross margins on wax and polish products range between 31% and 40%. ■

PROTECTANTS

SKUs STOCKED IN AVERAGE STORES

Auto Parts Chain Stores	16
Independent Auto Parts Stores	19
General/Specialty Retailers	9
Service Providers	17

ANNUAL TURNS IN AVERAGE STORES

Auto Parts Chain Stores	9
Independent Auto Parts Stores	7
General/Specialty Retailers	8
Service Providers	9

LINEAR SHELVING FEET DEVOTED TO PROTECTANTS

Auto Parts Chain Stores	8
Independent Auto Parts Stores	7
General/Specialty Retailers	6
Service Providers	9

OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Auto Parts Chain Stores	36
Independent Auto Parts Stores	35
General/Specialty Retailers	30
Service Providers	34

Source: *Automotive Marketing's 1990 PARTS*

Protectants make up a fast-growing automotive chemical product category. Some 92% of retailers with whom we spoke carry at least some protectants among their other chemicals. Among chains that report that 60% or more of their sales are retail, 78% sell protectants. In all, half of all chains stock seven or fewer SKUs of these products. Another 13%, however, stock between 20 and 40 protectant SKUs.

Half, too, report they do four or fewer turns in protectants annually. But, 6% do 21 or more turns in this product line annually. In all, 53% devote four or fewer linear feet of shelving to protectants. Half, too, report that their overall average gross margins on protectants range between 31% and 40%. Another 13% report margins between 41% and 50%.

Automotive Parts Chain Stores

Among auto parts chains, 97% carry protectants. A quarter of them stock between seven and ten protectant SKUs. Just under a quarter stock four or fewer protectant SKUs.

In all, 46% say they turn protectants between four and ten times annually. And, just over a quarter report 1-3 protectant turns annually. And, 8% say their protectants turn as many as 21 or more times annually.

Just over half of chains devote between six and three linear feet of shelving to protectants. Finally, 53% report that their overall average gross margins on protectants range between 31% and 40%.

Independent Auto Parts Stores

A total of 95% of independent auto parts stores stock protectants. Half of them stock five or fewer protectant SKUs, while another 6% stock between 21 and 30 protectant SKUs.

Just over half have four or fewer turns of their protectants, while another 5% have 21 or more turns of these products. In all, 55% devote four or fewer linear feet of shelving to protectants. Finally, half have overall average gross margins in protectants of 31% to 40%, while another 20% have gross margins of 26-30%.

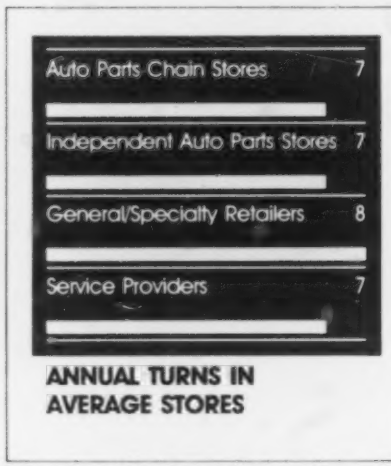
Non-Automotive Retailers

Some 90% of non-automotive retailers stock automotive protectants. A large number of these stock between six and ten protectant SKUs, while another major block stock between 19 and 30 protectant SKUs. Over half do between four and six turns in protectants annually on average. About half, too, devote four or fewer linear feet of shelving to protectants. Their overall average gross margins vary widely, with equal numbers reporting margins ranging between 21% and 45%.

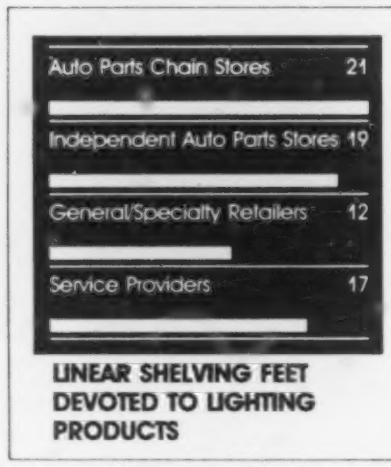
Chains With Service Bays

In all, some 85% of retailers who have service bays sell protectants. In all, the largest single group of them, at 45%, offer four or fewer protectant SKUs. Some 56% report their annual turns in protectants range between six and two. Half display their protectants on four or fewer linear feet of shelving. Finally, 57% say their overall average gross margins on protectants range between 31% and 45%. ■

SKUs STOCKED IN AVERAGE STORES



ANNUAL TURNS IN AVERAGE STORES



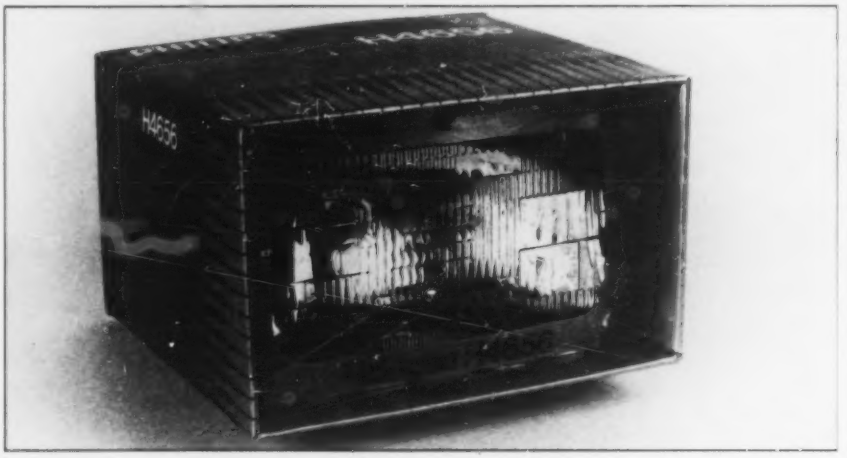
LINEAR SHELVING FEET DEVOTED TO LIGHTING PRODUCTS

OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

PARTS

LIGHTING



Automotive lighting products, for the purpose of this study, are considered to include both headlamps and miniatures. A full 95% of the retailers we talked to offer at least some lighting products to their customers.

The exact number they stock vary tremendously. Some 10% stock between 21 and 30 SKUs; another 10% offer between 31 and 40; and 12% have between 41 and 50. But, over 8% have between 101 and 200 lighting SKUs. And, 6% said they have more than 500 SKUs, including miniatures in all sorts of different packages.

Linear feet devoted to lighting products also vary, with 11% using 20 feet, while 13% use between 21 and 30 feet, and 8% use between 31 and 40 feet.

Otherwise, 56% say their turns are between three and six annually; and just under half say their overall average gross margins on lighting products run between 31% and 40%. However, another 11% have margins between 41% and 45%, while the same number have margins between 46% and 50%.

Automotive Parts Chain Stores

Some 97% of auto parts chain stores stock lighting products. But, in terms of SKUs, 18%—the largest single group reporting SKUs—carry between 41 and 50 lighting product SKUs; another 10% carry between 31 and 40; and 11% carry between 21 and 30.

When asked about linear shelf feet devoted to lighting products, 17% used 12 feet, 14% used between 21 and 30 feet, and 10% use 20 feet. Indeed, 1% use over 91 feet for lighting products. Just over half say their annual turns of lighting products range between three and six and have overall gross margins ranging between 31% and 40%. As well, 17% report margins ranging between 46% and 65%.

Independent Auto Parts Stores

Virtually all (99%) independent auto parts stores carry lighting products. Most carry a lot: a quarter carry over a hundred SKUs of lighting products. However, almost half say they do four or fewer turns in lighting products annually. Finally, a third of these types of retailers devote between 20 and 40 linear feet of shelving to lighting products.

Non-Automotive Retailers

Just over three quarters of all non-automotive retailers stock lighting products. Of those who do stock these products, most stock between 21 and 50 lighting SKUs on between 21 and 40 linear feet of shelving. Most have annual turns ranging from four to six. Most report overall average gross margins ranging between 26% and 45%.

Chains With Service Bays

In all, 91% of chains that offer professional service also retail automotive lighting products. Most of them offer between 21 and 80 SKUs of these products. However, the linear feet of shelving they display them on varies considerably. Some 10% use six feet; 10% use ten feet; 9% use 20 feet; and 8% use between 21 and 30 feet. Finally, 53% report annual turns in lighting products ranging between three and six. ■

BATTERY CHARGERS

Battery chargers are not only for auto uses, but also for marine, motorcycle, farm, snowmobile, and similar uses. Hence, it's no surprise that 80% of all retailers who sell automotive products also report that they sell these useful products. Among chains that report that 60% or more of their sales are retail, 77% sell battery chargers.

A little over a third of all retailers carry between three and six charger SKUs. Another 17% carry one or two charger SKUs. In terms of annual turns, 30% report that they turn chargers two times, while 19% turn them three times, and 17% turn them once a year. Another 10% turn them four times annually.

Over a quarter of all retailers use three or four square feet to display chargers. Another 12% display them in two square feet. Finally, 28% say their overall average gross margins on chargers range between 26-30%, while 23% report margins of 31-35% on the products. Another 13% have margins of 36-40%, while 12% have margins of 21-25% and 10% have margins of 16-20%.

Automotive Parts Chain Stores

More auto parts chain stores carry battery chargers than any other single category of retailer that sells automotive products. In all, 92% of these chains stock chargers. Almost half of them stock between three and six charger SKUs. Just over a quarter of these chains report two annual turns of chargers, while 22% say chargers turn three times annually, and 16% say they turn once. Another 10% turn chargers six times a year. Almost 30% say they use four or five square feet to show chargers, while 9% use two feet and 8% use eight. In terms of overall gross margins, 28% of auto parts chains have margins of 26-30%. Another 23% have margins of 31-35%, and 17% have margins of 36-40%.

Independent Auto Parts Stores

Some 10% fewer independent auto parts stores stock chargers than do auto parts chains. About a quarter of them stock three or four charger SKUs, while 20% stock one or two SKUs. A third say they turn chargers twice a year, while 18% turn them once and 17% turn them three times. Just about half use four square feet or fewer to display their chargers. And some 30% have overall average gross margins in chargers of 26-30%; 23% have margins of 31-35%, and 14% have margins of 21-25%. Another 11% each have margins of 36-40% and 16-20%.

Non-Automotive Retailers

Two thirds of all non-automotive retailers stock battery chargers. Most offer four to six charger SKUs. Most turn their chargers three or four times annually. Most devote ten to 12 square feet to displaying chargers. And, most have overall average gross margins of 31-40%.

Chains With Service Bays

Three quarters of chains with service bays stock battery chargers. Most offer fewer than six charger SKUs, turn them four or fewer times, display them in four to six square feet, and have gross margins of 26-40%. ■

SKUs STOCKED IN AVERAGE STORES

Auto Parts Chain Stores	51
Independent Auto Parts Stores	5
General/Specialty Retailers	4
Service Providers	5

ANNUAL TURNS IN AVERAGE STORES

Auto Parts Chain Stores	4
Independent Auto Parts Stores	4
General/Specialty Retailers	4
Service Providers	4

LINEAR SHELVING FEET DEVOTED TO CHARGERS

Auto Parts Chain Stores	65
Independent Auto Parts Stores	9
General/Specialty Retailers	11
Service Providers	9

OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Auto Parts Chain Stores	34
Independent Auto Parts Stores	31
General/Specialty Retailers	34
Service Providers	32

Source: *Automotive Marketing's 1990 PARTS*

Auto Parts Chain Stores	214
Independent Auto Parts Stores	174
General/Specialty Retailers	7
Service Providers	173

SKUs STOCKED IN AVERAGE STORES

Auto Parts Chain Stores	7
Independent Auto Parts Stores	5
General/Specialty Retailers	6
Service Providers	4

ANNUAL TURNS IN AVERAGE STORES

Auto Parts Chain Stores	19
Independent Auto Parts Stores	15
General/Specialty Retailers	20
Service Providers	21

LINEAR SHELVING FEET DEVOTED TO AUXILIARY LIGHTING

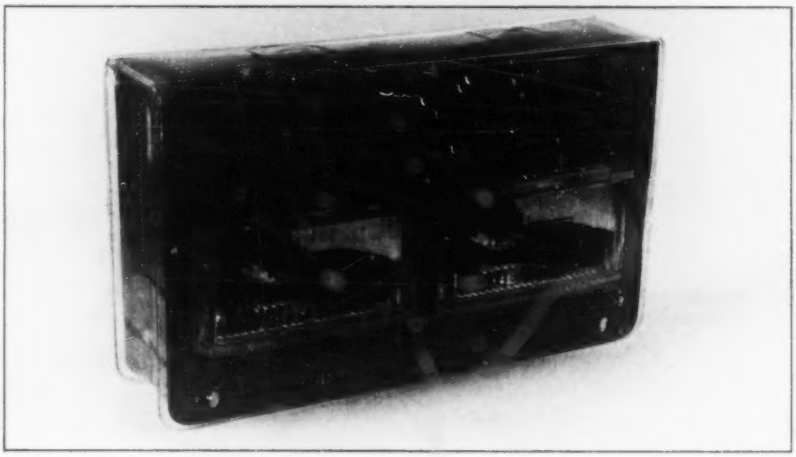
Auto Parts Chain Stores	34
Independent Auto Parts Stores	34
General/Specialty Retailers	33
Service Providers	33

OVERALL AVERAGE GROSS MARGIN PERCENTAGE

Source: *Automotive Marketing's 1990 PARTS*

P A R T S

AUXILIARY LIGHTS



Auxiliary lighting products cover a wide range of products, from light truck and off road lights to fog/driving lights. Some 82% of all outlets, from drug stores to jobbers, told us they sold at least some sort of auxiliary lighting products. And, the mean SKUs (Stock Keeping Units) for all stores were 161 (this mean includes a half a dozen specialist stores which raised the mean considerably higher than a mean of general auto parts or merchandise stores alone); mean turns were five; amount of linear footage of shelving devoted to auxiliary lighting in the average store was 16; and overall average gross margin in the average store was 33.8%.

Automotive Parts Chain Stores

Automotive parts chain stores – including light truck, rally, and off road specialists – stock the most auxiliary lighting products, with a mean number of 214 SKUs. These mass merchants in the aftermarket also report the best annual turns, at six and a half turns. These types of stores also have the highest gross margin percentages, at 34.2%, in their average stores on the sales of auxiliary lighting products. However, they do not devote the most number of linear footage of shelving to auxiliary lighting as companies with service bays. The mean amount of display space dedicated to these products by chain stores is 19, while chains with service have a mean amount of 21 linear feet of auxiliary lighting products.

Independent Auto Parts Stores

The average independent auto parts store stocks some 174 SKUs of auxiliary lighting products, almost half the amount stocked by larger chain stores. Its turn rate, at 4.6, is also considerably lower than those of chain stores. Some 15 linear footage of shelving, on the average, are filled with auxiliary lighting in the independent auto parts store – virtually the same as the overall mean of all stores selling automotive products. As well, average gross margins, at 33.6%, are virtually the same as the overall mean.

Non-Automotive Retailers

Non-automotive retailers – from department stores to drug stores – offer only seven SKUs of auxiliary lighting products on average. They devote, on average, some 19 linear feet of shelving to the products – not much less space than used by automotive stores to display many times the amount of merchandise. However, they do some five and a half turns on average with these products. And, their gross margins in an average store come to 33%.

Chains With Service Bays

Chains with service bays offer virtually the same number of auxiliary lighting SKUs, at 173, as do independent auto parts stores. And, their turns, at 4.8, are also almost the same as those of independent auto parts store. Average gross margins, at 33%, are basically the same as other types of retail outlets. However, they report using, on average, slightly more linear footage of shelving to display the products, at 21 feet, than any other type of operation. ■